

Message Text

CONFIDENTIAL

PAGE 01 NEW DE 18618 01 OF 02 302023Z
ACTION NEA-10

INFO OCT-01 EA-10 ISO-00 IO-13 CIAE-00 DODE-00 PM-05
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 EB-08 ACDA-12 TRSE-00 COME-00
CTME-00 AID-05 DOE-11 SOE-02 /118 W
-----043341 302029Z /40

R 291232Z DEC 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 8356
INFO AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU
USLO PEKING
CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 18618

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PFOR EAID ETRD NP IN
SUBJECT: INDO-NEPALI RELATIONS: DESAI VISIT

SUMMARY. INDO-NEPALI ECONOMIC RELATIONS MAY IMPROVE AS A
RESULT OF PRIME MINISTER DESAI'S VISIT TO NEPAL, BUT BOTH
INDIAN AND NEPALI SOURCES HERE HAVE BEEN CAREFUL TO INDICATE
THAT NO DRAMATIC BREAKTHROUGHS OCCURRED. C.V. RANGANATHAN,
MEA JOINT SECRETARY FOR NEPAL, SAID THAT POLITICAL ISSUES
WERE NOT IMPORTANT IN THE TALKS AND ASCRIBED AGREEMENT TO
MOVE FORWARD ON ECONOMIC PROJECTS AS THE ROUTINE CONSEQUENCE
OF EXTENDED TECHNICAL DISCUSSIONS. NEPALI COUNSELLOR
JAI RANA SAID THAT THE GOI HAD NOT EXPECTED ANY CHANGE IN
THE POLITICAL RELATIONSHIP BUT VIEWED THE EMPHASIS ON
ECONOMIC MATTERS AS DESAI'S WAY TO DEMONSTRATE THE
GENUINNESS OF HIS GOOD NEIGHBOR POLICY. BOTH SOURCES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 18618 01 OF 02 302023Z

INDICATED THAT THE AGREEMENTS ON TRADE AND TRANSIT
SHOULD BE REACHED SOON. END SUMMARY.

1. POLITICAL ISSUES. C. V. RANGANATHAN, MEA JOINT
SECRETARY FOR NORTH AND EAST, TOLD EMBOFFS DECEMBER 26
THAT POLITICAL FACTORS WERE NOT A REAL ISSUE IN THE
TALKS. ALTHOUGH DESAI HAD PUBLICLY REFERRED TO THE

"SACRED" TREATY OF 1950, RANGANATHAN SAID, THE TREATY HAD NOT BEEN DISCUSSED IN THE TALKS. THE JOINT COMMUNIQUE'S REFERENCE TO THEIR RESPECTIVE VIEWS ON HTE NEPAL AS A ZONE OF PEACE CONCEPT WAS, HE SAID, A "THINLY DISGUISED" INDICATION OF THE BASIC DISAGREEMENT. JAI RANA, NEPALI EMBASSY COUNSELLOR, EARLIER TOLD EMBOFF THAT THE GON CONSIDERED MORARJI DESAI TOO WEAK POLITICALLY WITHIN THE FACTIONAL JANATA PARTY TO BRING ABOUT ANY DRAMATIC CHANGES IN THE POLITICAL RELATIONSHIP WITH NEPAL. THEY SEE MORARJI INSTEAD STRESSING IMPROVED ECONOMIC TIES AS PROOF OF THE GENUINENESS OF HIS GOOD NEIGHBOR POLICY. NEVERTHELESS, RANA SAID, THE GON WASNTED ITS VIEWS ON THE ZONE OF PEACE ON THE RECORD AND THUS HAD PURSUED THE SUBJECT IN THE TALKS.

2. TRADE AND TRANSIT. BOTH RANGANATHAN AND RANA EXPECTED THAT ANOTHER SESSION (WITH SEVERAL SITTINGS) IS NECESSARY BEFORE THE TRADE AND TRANSIT TREATIES ARE READY FOR SIGNATURE. RANA EXPECTED AGREEMENT BY THE END OF JANUARY. ON THE TRANSIT ISSUE, RANGANATHAN SAID THAT NO "HIGH PRICIPLES", SUCH AS THE NEPALI CLAIM TO A "RIGHT OF TRANSIT", WOULD BE RESOLVED IN THE TREATY. IN THIS CONTEXT, HE SAID THAT NEPAL WAS LAREADY GETTIING BETTER TREATMENT THAN INTERNATIONAL NORMS REQUIRED. JAI RANA CONCEDED THAT THE TREATY WILL PROBABLY REFER ONLY TO FREEDOM OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NEW DE 18618 01 OF 02 302023Z

TRANSIT. ON ISSUES STILL TO BE RESOLVED, RANA SAID THAT NEPAL WAS FAIRLY WEEL ASSUED OF OBTAINING FACILITIES AT HALDIA BUT WAS UNHAPPY ABOUT THE PROPOSED WAREHOUSING LOCATION WHICH WAS TOO FAR FROM THE RIVER. THE NEPALIS ALSO WASNT PARADIP OR BOMBAY DESIGNATED AS AN ALTERNATE PORT IN CASE OF NEED, BUT THE INDIANS DO NOT WASN AN ALTERNATE MENTIONED IN THE TREATY, ALTHOUGH THEY SAY THAT THEY WILL PROVIDE SUCH FACILITIES IF AND WHEN NECESSARY. RANA WAS OPTIMISTIC THAT TRANSIT FACILITIES TO BANGLADESH WOULD BE INCLUDED.

3. ON TRADE, THE TWO SIDES HAVE YET TO SETTLE ON A FORMULA FOR THE DUTY-FREE AND LOW-DUTY ENTRY OF VALUE-ADDED NEPALI MANUFACTURES INTO THE INDIAN MARKETS. ACCORDING TO RANA, THE NEPALIS SUGGESTED THAT THE GOI APPLY TO NEPALI TRADE THE SAME FORMULA IT IS SEEKING UNDER GATT FOR ITS OWN EXPOETS TO DEVELOPED COUNTRIES. THE INDIANS, HE SAID, RESPONDED THAT THIS APPROAKH WOULD HAVE TO BE APPLIED ON A PRODUCT-BY-PRODUCT BASIS, AS IN GATT, TO WHICH THE NEPALIS AGREED. RANGANATHAN REHEARSED THE SMUGGLING ISSUE AND NOTED THAT THE SUBJECT WAS BEING "TURNED OVER" TO CUSTOMS

AND OTHER EXPERTS. HE INSISTED, HOWEVER, THAT ALTHOUGH SEPARATE ARRANGEMENTS WOULD COVER TRADE, TRANSIT AND SMUGGLING, THE THREE SUBJECTS WERE STILL INTERLINKED.

4. HYDRO-ELECTRIC PROJECTS. RANGANATHAN DOWNPLAYED THE SIGNIFICANCE OF THE AGREEMENTS TO BEGIN MOVING FORWARD ON THE HYDRO-ELECTRIC PROJECTS. HE SAID THAT STUDIES HAD BEEN UNDERWAY FOR SOME TIME AND FORTUNATELY THE EXPERTS AHD COME TO SOME AGREEMENTS IN TIME FOR THE VISIT. MANY DETAILS REMAINED TO BE WORKED OUT. BOTH RANGANATHAN AND RANA EMPHASIZED THE IMPORTANCE OF THE DEVIGHAT PROJECT FOR KATHMANDU VALLEY'S POWER NEEDS, AND RANA CONSIDERED IT SIGNIFICANT THAT THE GOI HAD AGREED TO NEPAL'S REQUEST THAT IT BE CONFIDENTIAL

CONFIDENTIAL

PAGE 04 NEW DE 18618 01 OF 02 302023Z

STRUCTURED ON A TURNKEY BASIS. ON KARNALI, RANA SAID THAT THE PROBLEM IN PART HAS BEEN INDIA'S DESIRE TO PARTICIPATE IN PRELIMINARY STUDIES AND IN THE MWNAGEMENT OF THE PROJEKT, AND TO HAVE, IN EFFECT, A VETO POWER OVER KARNALI DEVELOPMENTS. THE NEPALIS HAD FINALLY AGREED TO INDIAN PARTICIPATION TECHNICALLY AND ON THE MANAGEMENT BOARD IN AN ADVISORY CAPACITY. REGARDING TRADITIONAL NEPALI CONCERN OVER WHOSE HAND WOULD BE ON THE SWITCH OF THE HYDRO-ELECTRIC PROJECTS, RANGANATHAN WAS QUICK TO RESPOND THAT NEPALIS WOULD CONTROL NEPALI PROJECTS, ALTHOUGH AS A MAJOR POWER CONSUMER, INDIA WAS WILLING TO PARTICIPATE IS ASKED.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 NEW DE 18618 02 OF 02 302021Z
ACTION NEA-10

INFO OCT-01 EA-10 ISO-00 IO-13 CIAE-00 DODE-00 PM-05
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 EB-08 ACDA-12 TRSE-00 COME-00
CTME-00 AID-05 DOE-11 SOE-02 /118 W
-----043325 302030Z /44

R 291232Z DEC 77

FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 8357

INFO AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU
USLO PEKING
CINCPAC

C O N F I D E N T I A L SECTION 02 OF 02 NEW DELHI 18618

CINCPAC FOR POLAD

5. RIVER DEVELOPMENT. IN LIGHT OF KING BIRENDRA'S
COLOMBO PLAN SPEECH AND THE BANGLADESHI DESIRE FOR
NEPALI PARTICIPATION IN THE FARAKKA SOLUTION, EMBOFFS
ASKED RANGANATHAN IF DESAI HAD DISCUSSED REGIONAL WATER
DEVELOPMENT DURING THE VISIT. HE REPLIED THAT ONLY
BILATERAL COOPERATION HAD BEEN DISCUSSED. HE ADDED,
HOWEVER, THAT INDIA WELCOMED THE KING'S SPEECH AS A
POSSIBILITY FOR THE FUTURE AND POINTED OUT THAT
FARAKKA WAS BEING DEALT WITH IN A BILATERAL CONTEXT.
REGARDING THE KING'S SPEECH, JAI RANA SAID THAT IT
HAD BEEN MISINTERPRETED. THE KING, HE SAID, WAS
ADVOCATING REGIONAL COOPERATION IN GENERAL, WITH
RIVER DEVELOPMENT AS ONLY ONE POSSIBILITY. RANA ALSO
SAID THAT THE KING IN HIS REFERENCE TO PASSAGES TO THE
SEA FOR LAND-LOCKED COUNTRIES DID NOT MEAN THAT NEPAL
WAS SEEKING A RIVER ROUTE TO THE SEA.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 18618 02 OF 02 302021Z

COMMENT. BOTH RANGANATHAN AND JAI RANA DISCUSSED THE
VISIT IN LOW-KEYED TERMS. NEITHER EXHIBITED THE PUBLIC
RHETORIC OF RENEWED TRUST AND FRIENDSHIP WHICH
SURROUNDED THE VISIT. IT STRUCK US THAT RANGANATHAN
MADE A POINT OF DELINKING POLITICAL CONSIDERATIONS
FROM THE ECONOMIC DECISIONS TAKEN DURING THE VISIT.
JAI RANA, WHEN ASKED ABOUT THE JANATA GOVERNMENT'S
SUBKONTINENTAL POLICY, ACKNOWLEDGED THAT RELATIONS
HAD IMPROVED BUT ALSO COMMENTED THAT THERE WAS
NOTHING NEW IN THE GOI PROFESSION OF DESIRING BETTER
RELATIONS; MRS. GANDHI HAD SAID THE SAME THING.
WHAT WAS IMPORTANT FOR THE NEPALIS, HE SAID, WAS NOT
WHAT WAS SAID OR AGREED
TO, BUT THE PRACTICAL
APPLICATION OF THOSE AGREEMENTS. "PAPER RIGHTS" ON
TRANSIT, HE SAID, WILL MEAN NOTHING IF INDIA
BUREAUCRATIC SLACKNESS CONTINUES TO HINDER NEPALI
THIRD-COUNTRY TRADE.
GOHEEN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRIME MINISTER, VISITS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE18618
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780003-0623
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977128/aaaaafyb.tel
Line Count: 223
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4d94b708-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 315571
Secure: OPEN
Status: NATIVE
Subject: INDO-NEPALI RELATIONS: DESAI VISIT SUMMARY. INDO-NEPALI ECONOMIC RELATIONS MAY IMPROVE AS A RESULT OF PRIME MINISTER DESAI'S VISIT TO NEPAL, B
TAGS: PFOR, EAID, ETRD, NP, IN
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/4d94b708-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009